

# COMMUNITY HOSPITALS

Community hospitals are hospitals that are not characterized as specialty, teaching, or academic medical centers. These hospitals also do not meet the criteria for Disproportionate Share Hospital (DSH) status, which means that they receive less than 63% of their business from public payers. Community hospitals treat a disproportionate number of low-severity, routine cases (i.e., low casemix index). There are 22 community hospitals in Massachusetts that range in size from 19 staffed beds to 404 staffed beds. Collectively, community hospitals represented roughly one-quarter of all staffed hospital beds statewide in 2012.

**INPATIENT SERVICES** Compared to other acute hospitals, community hospitals treat more low-severity cases. Only one out of every ten cases they treat is of higher severity. Relative to their size, community hospitals serve disproportionately more bipolar disorder cases (nearly two of every five cases statewide) and major depressive disorder cases (one of every three cases statewide). As a group, community hospitals have a similar cost<sup>†</sup> per inpatient case (\$9,398 per CMAD) to community-DSH and teaching hospitals, though the cost per inpatient case is significantly lower (-18%) than AMCs.

**FINANCIAL PERFORMANCE** Total community hospital revenue in FY12 was \$4.1 billion. These 22 hospitals accounted for 16% of total acute hospital revenue statewide. Community hospitals tend to have a greater proportion of commercial business than other hospitals, although about 55% of their business comes from Medicaid, Medicare, and other government programs. Community hospitals tend to have price levels that are slightly higher than community-DSH hospitals, but lower than teaching hospitals and significantly lower than AMCs. While there was some variation between hospitals, community hospitals collectively earned a surplus each year from FY08 to FY12, with an aggregate surplus of \$179 million in FY12.

## AT A GLANCE

**TOTAL STAFFED BEDS:** 3,498 in cohort, 24% of Statewide

**TOTAL DISCHARGES:** 210,962 in cohort, 25% of Statewide

**AVERAGE % OCCUPANCY:** 62%

**TOTAL REVENUE IN FY12:** \$4,136 million, 16% of Statewide

**AVERAGE PUBLIC PAYER MIX:** 55%

**AVERAGE CY12 COMMERCIAL PAYER PRICE LEVEL:** 49th Percentile

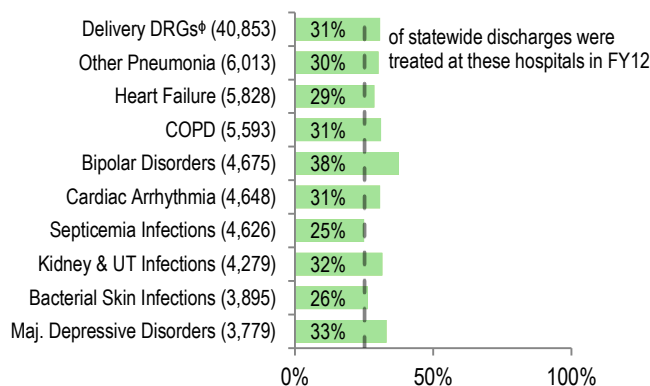
**CASE MIX INDEX in FY12:** 0.82, less than CMI of other hospitals\* (1.12)

**INPATIENT:OUTPATIENT REVENUE in FY12:** 29%:71%

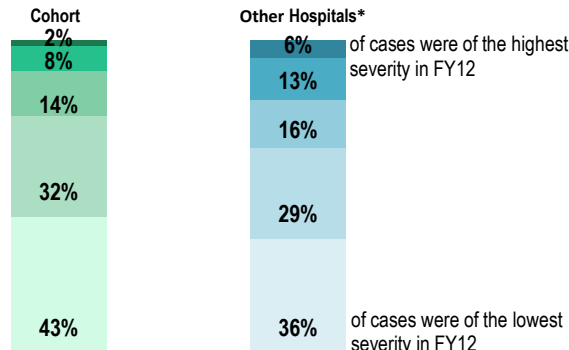
**MEDIAN TOTAL MARGIN in FY12:** 2.5%

## SERVICES

What were the most common inpatient cases (DRGs) treated at the cohort hospitals? What proportion of statewide DRGs did this cohort treat for each service?

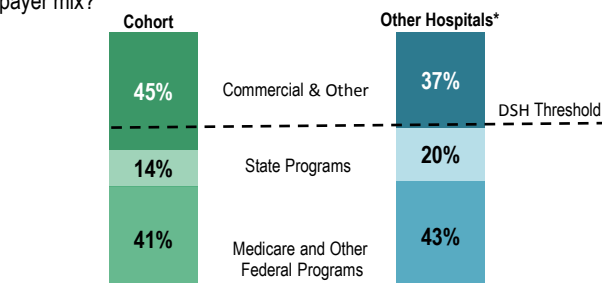


What was the inpatient severity distribution in this cohort? How does this compare to the inpatient severity distribution of other hospitals?

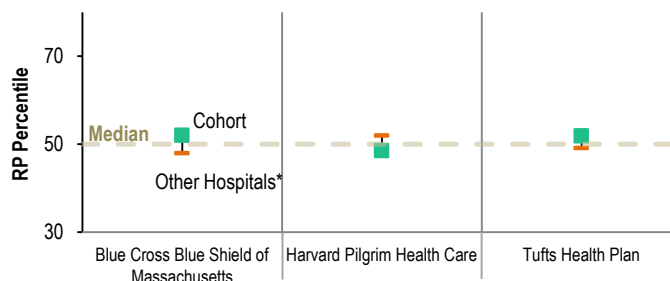


## PAYER MIX

What was the average cohort hospital's payer mix (gross charges) in FY12, and how does this compare to the average of other acute hospitals' payer mix?

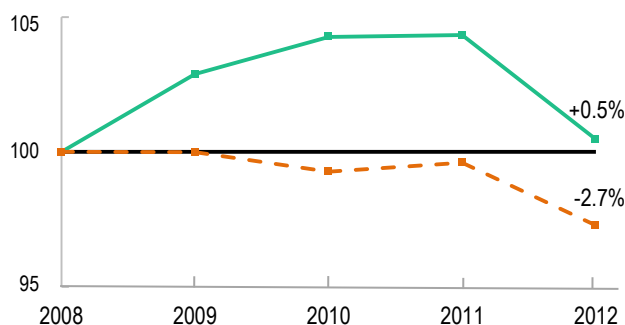


As a group, what were the cohort's average CY12 payer-specific relative price levels for the top three commercial payers in Massachusetts? How do these compare to the average relative price levels of other acute hospitals?

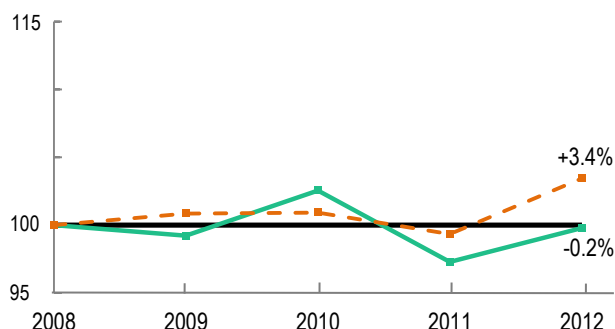


**UTILIZATION TRENDS**

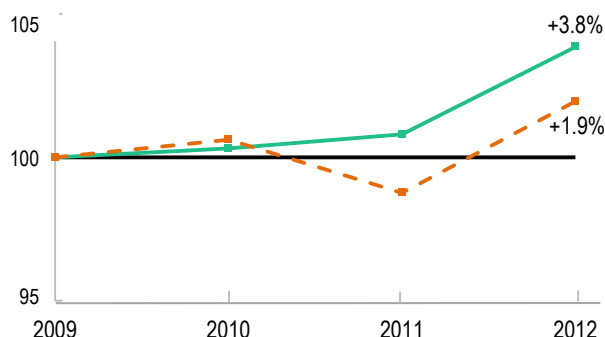
As a group, how has the volume of the cohort's total inpatient discharges changed compared to FY08, and how does this compare to the volume of other acute hospitals? (FY08=100)



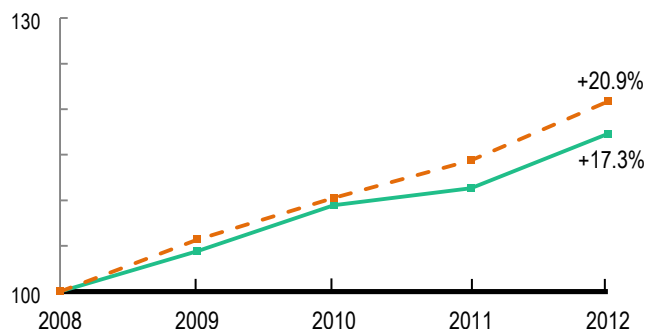
How has the volume of the average cohort hospital's outpatient visits changed compared to FY08, and how does this compare to the average of other hospitals' change in outpatient visits? (FY08=100)

**COST TRENDS**

As a group, how has the cohort's inpatient cost<sup>†</sup> per case mix adjusted discharge changed compared to FY09, and how does this compare to those of other acute hospitals? (FY09=100)



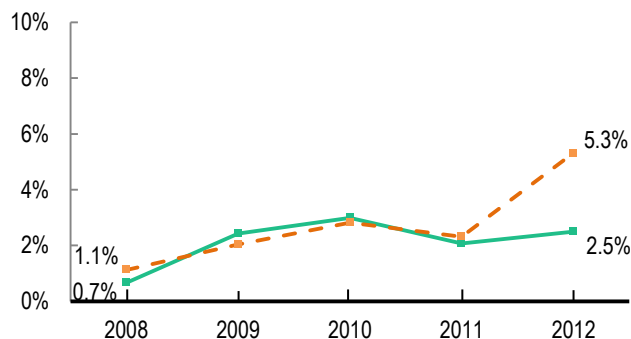
As a group, how have the cohort's total outpatient costs changed compared to FY08, and how does this compare to the total outpatient costs of other acute hospitals? (FY08=100)

**FINANCIAL PERFORMANCE**

As a group, how have the cohort hospitals' aggregate revenues and costs changed between FY08 and FY12?

| Revenue, Cost & Profit/Loss (in millions) |               |          |            |          |                   |
|---|---------------|----------|------------|----------|-------------------|
| FY  | Total Revenue | % Change | Total Cost | % Change | Total Profit/Loss |
| 2008                                      | \$3,417       |          | \$3,386    |          | \$31              |
| 2009                                      | \$3,574       | 4.6%     | \$3,512    | 3.7%     | \$62              |
| 2010                                      | \$3,768       | 5.4%     | \$3,662    | 4.3%     | \$105             |
| 2011                                      | \$3,839       | 1.9%     | \$3,728    | 1.8%     | \$111             |
| 2012                                      | \$4,136       | 7.7%     | \$3,957    | 6.1%     | \$179             |

What was the cohort's median total margin between FY08 and FY12? How does this compare to the median of other acute hospitals?



For descriptions of the metrics, please see Technical Appendix.

<sup>†</sup> Costs were adjusted to exclude direct medical education costs and physician compensation.

\* Other hospitals comparative does not include Specialty hospitals.

\* Delivery DRG includes Cesarean and Vaginal Deliveries, and Neonate DRG.

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